

Honeywell A/S

Strandesplanaden 110, 2665 Vallensbæk Strand, Denmark
CVR No.15130016

Annual Report for 1 January - 31 December 2018

*The Annual Report was
presented and adopted at the
Annual General Meeting of the
Company on 27/7 2019.*

Jens Christian Jensen

Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Honeywell A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position. We recommend that the annual report be approved at the annual general meeting.

Copenhagen, <Date>

8 / May 2019

Executive Board

Allan Reinert
Board of Directors



Jens Christian Jensen
Chairman



Ole Betak
Staff Representative



Allan Reinert



Henning Lützen
Staff Representative

Independent Auditor's Report

To the owners of Honeywell A/S

Opinion

We have audited the financial statements of Honeywell A/S for the financial year 1 January – 31 December 2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the entity's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, < Date > 8 May 2019

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 96 35 56



Jan Larsen

State Authorised Public Accountant

MNE number: 16541

Company Information

The company	Honeywell A/S Strandesplanaden 110, 2665 Vallensbæk Strand, Denmark Telephone: +45 39 55 55 55 Telefax: +45 39 55 55 51 Website: www.honeywell.dk CVR No.15130016 Established: 27/09/1954 Financial period: 1 January - 31 December Municipality of reg. office: Vallensbæk
Board of Directors	Jens Christian Jensen , Chairman Allan Reinert Ole Betak Henning Lützen
Executive Board	Allan Reinert
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, DK-2300 København S
Bankers	Danske Bank Amaliegade 12, 1256 København K
Lawyers	Moltke-Leth Amaliegade, København K

Financial Highlights

Seen over a five-year period, the development of the company is described by the following financial highlights:

Key figures	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Profit/loss					
Revenue	330,867	358,716	370,717	356,458	351,860
Ordinary operating profit	16,936	25,635	38,845	25,836	22,119
Operating Profit	16,936	25,635	38,845	25,836	29,407
Net financial income/expense	-682	-1,523	-582	-1,503	-1,442
Net profit/loss for the year	12,550	17,702	30,707	17,980	20,415
Balance sheet					
Fixed assets* **	10,669	292	650	252	6,098
Investments in property, plant and equipment	1,882	0	0	0	0
Total Assets	409,508	349,706	335,608	281,870	251,704
Equity	264,991	259,215	241,513	210,806	192,748
Financial ratios %					
Gross margin	20.7%	26.6%	26.4%	28.3%	25.9%
Profit margin	5.1%	7.1%	10.5%	7.3%	8.4%
Return on assets	4.5%	7.5%	12.6%	9.7%	12.1%
Solvency ratio	64.7%	74.1%	72.0%	74.8%	76.6%
Return on equity	4.8%	7.1%	13.6%	8.9%	11.2%

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' recommendations and guidelines. For definitions, please see the accounting policies.

* Fixed assets for year 2018 include the investment in subsidiary amounting to DKK 8,507,000. Refer Note 7 for details

** During the current year, the Company has transferred Homes business, Comparative figures from year 2014 to 2017 are not restated.

Management's review

Principal activity

Honeywell A/S's of activities are marketing, sales, engineering, design, installation and service within building and industrial automation including supply of components.

Financial review

The income statement of the Company for 2018 shows a profit of DKK 12,550k and at 31 December 2018 the balance sheet of the Company shows equity of DKK 264,991k.

The Sales for 2018 was DKK 330,867k compared to DKK 358,716k for 2017. The revenue has declined in 3 out of the last 5 years disclosed in the annual report in 2014, 2017 and 2018.

The Operating Income for the company was DKK 16.94m. The result for 2018 represents DKK 12.55m compared to DKK 17.7m for 2017 and is at expected level. The development is mainly due to a change in the product mix. After the result of the year the solvency ratio is 64.7% compared to 74.1% in 2017. The company has been 100% self-financing for a large number of years.

Outlook

The company represents the following Business Units, which all belong to Home and Building Technologies (HBT) includes activities in Norway, Sweden and Finland.

The products of the department are mainly used in durable consumer goods of which a very large part is re-exported worldwide.

Safety and Productivity Solution (S&PS) with sales activities in Norway, Sweden and Finland. Part of the result has been reached through a continuous development of the sales to system houses and through an extension of the distributor network.

The department has focused on the marketing of new products for protection of drinking water, including back flow preventer.

The department is Customer Service Centre for the Nordic Countries as well as the Baltic Countries supporting the different countries in their native language from the office in Vallenbæk.

Honeywell Building Solutions deliver and service solutions to end users through own technicians and project managers. The market is primarily larger buildings and/or complicated systems containing various solutions, primarily CTS-systems, burglar alarms, fire alarms, access control and video surveillance within building automation, integrated into one system.

Health, Safety and Environment (HSE) is a very important part of the activities of Building Automation, and the HSE Playbook lists month by month throughout the year the HSE activities, that are required in order to follow both the demands of the company as well as the local laws. Near miss reporting is also a requirement for all employees.

Pursuant to the Global restructuring of Honeywell, during the current year, the Company's Board of Directors at their meeting held on 30 July 2018, approved an agreement for transfer of Homes business to an identified party for a total consideration of DKK 6,774,079.

No operations pertaining to Homes business were carried out during the year 2018.

The past year and follow-up on development expectations from last year

The result for 2018 corresponds to the expectations.

Basis of earnings

Goals and policies for the underrepresented gender

Honeywell A / S believes that diversity among employees, including equal distribution of gender contributes positively to the working environment and strengthens the company's performance and competitiveness.

Honeywell A / S is working to increase the number of female managers in the company and has on the background from this year, as the first year, set concrete target figures for the proportion of the under-represented gender and policies to ensure this.

Honeywell A / S has a goal to have a female board members elected by the general meeting, and few of the other management positions, must be occupied by women by 2020. Honeywell did not elect any new members of board of directors in 2018. Status is now that none of member of the Board of Honeywell A / S is woman. 11 men 1 women occupy leadership positions in Honeywell

In order to meet the above objective of several female managers, Honeywell A / S has initiated one series of initiatives that can promote development and support for women leaders. Among other things, an internal network for female managers in the company has been initiated, as well as led mentoring to promote female talents. In connection with recruitment and recruitment to management posts are the goal that there must be both male and female candidates despite the fact that it operates in a world of men. The principle applies to both internal job posting and external.

Management's review

External environment

The company is committed to be one of the leading companies within environmental control with regard to the running of own facilities as well as by delivering products and services that will help our customers improve the quality of the environment.

Uncertainty relating to recognition and measurement

Honeywell's Systems abides with the company's strong financial and ethical controls and undertakes both Internal Financial and External SOX compliance audits to minimize any revenue recognition issues. Stringent controls remain in place and are reviewed annually, including FCPA training which is established as a mandatory requirement for all company employees.

Corporate social responsibility

With reference to the Danish Financial Statements Act section 99a Honeywell A/S has no independent policies on neither human rights, climate and environmental issues, social and employee conditions as well as anti-corruption, as this is included and covered by group policies

Intellectual capital resources

The company has 72 employees, who work in marketing, sales, engineering, design, installation and service within Building and Industrial Automation including supply of components.

The whole organisation continues the work to improve quality, including a higher degree of standardisation with the company's similar organisations in other countries. All departments are certified according to ISO 9001: 2008. As part of the company's international program Honeywell A/S is continuously investing in training of employees within Six Sigma. This has initiated new quality projects, which we expect will result in a positive return in the years to come. At year end 11 employees of the company has obtained Green belt certification.

Knowledge resources

The Company's business foundation states that all core products must be accompanied by Danish manuals and requires that customers must be able to obtain technical support, training, etc. according to need. This means high requirements as to knowledge resources among our employees.

To ensure the continuous ability to provide these services it is essential that the Company is able to recruit and retain employees with extensive professional qualifications in electronics and IT.

Special risks – operating risks and financial risks

Price risks- The Company is not subject to any significant price risks.

Foreign currency risks- Due to activities abroad, profit, cash flows and equity are affected by the development in exchange rates for a number of currencies.

Interest rate risks- The Company does not have any significant interest-bearing debt and therefore the interest level will not have any significant impact on earnings. Accordingly, no interest-rate instruments are entered to hedge interest-rate risks.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Accounting Policies

Basis of accounting

Financial Statements of Honeywell A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2018 are presented in TDKK.

In accordance with section 112 (1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The Company is included in the consolidated financial statements of Honeywell International Inc.

With reference to section 86 of the Danish Financial Statements Act, Cash Flow Statement has not been prepared for the Company as it is included in the Consolidated Financial Statement of Honeywell International Inc. The Financial Statement for the Honeywell Group can be obtained at www.honeywell.com. The company will ensure that consolidated financial statement of Honeywell International Inc. will be available to public before the company's result are being publicized.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Accounting Policies

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Contract work in progress is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc., as well as operation and administration.

Cost of sales also includes research and development costs that do not qualify for capitalisations well as amortisation of capitalised development costs. Finally, provisions for losses on contract work are recognised.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Depreciation/amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise depreciation for the year on property, plant and equipment, amortisation of intangible assets and impairment losses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Financial income and financial expenses comprise interest, financial expenses on finance leases, realised and unrealised exchange rate adjustments as well as value adjustment of securities.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the Danish subsidiaries in the Honeywell group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Balance Sheet

Non-current assets

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of cost of acquisition and expenses directly related to the acquisition up till the time asset is ready for use. In case of assets of own construction, cost comprises of direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are

Accounting Policies

Property, plant and equipment (continued)

Other fixtures and fittings, tools and equipment	5-15 years
IT equipment	3-5 years
Leasehold improvements	5 years

Assets costing less than DKK 12,600 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Financial assets

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised at the time of borrowing at the proceeds received, net of transaction costs incurred. In subsequent periods, the loans are measured at amortised cost. Accordingly, the difference between the proceeds and the nominal value is recognised as interest expense in the income statement over the term of the loan.

Deposits comprises rent deposits, which are recognized and measured at cost price. There are no depreciation on deposits.

Current assets

Inventories

Inventories are measured at the lower of cost under the [FIFO/ Average cost] (Select one) method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Exchange rate adjustments of long-term loans to group enterprises are taken to equity, as these loans are considered "equity" loans.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Prepayments and payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Accounting Policies

Equity and liability

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Prepayments from customers

Prepayments from customers comprises payments received from customers in advance.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry—forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set- off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Corporation tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on- account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Definition of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit from operating activities} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

Income Statement

for the year ended 31 December 2018

	Notes	2018	2017
		TDKK	TDKK
Revenue	1	330,867	358,716
Cost of sales	2	-262,428	-263,260
Gross profit		68,439	95,456
Distribution expenses		-43,026	-57,731
Administrative expenses		-8,477	-12,090
Operating profit		16,936	25,635
Financial Income	3	573	1,823
Financial Expenses	4	-1,255	-3,346
Profit before tax		16,254	24,112
Tax benefit/(expense) for the year	5	-3704	-6,410
Profit for the year		12,550	17,702

Balance Sheet

at 31 December 2018

	Notes	2018 TDKK	2017 TDKK
ASSETS			
Non-current assets			
Property, plant and equipment			
Other fixtures and fittings, tools and equipment	6	5	8
Property, plant and equipment in progress	6	1,882	0
		1,887	8
Financial assets			
Investments in subsidiaries	7	8,507	0
Deposits	8	237	237
Total financial assets		8,744	237
Deferred tax asset- long term portion	5	38	47
Total non-current assets		10,669	292
Current assets			
Inventories			
Finish goods and goods for resale		6,292	0
		6,292	0
Receivables			
Trade receivables	9	37,145	45,802
Receivables from group enterprises	9	331,785	291,007
Contract work in progress	10	2,436	1,349
Corporation tax receivable		7,451	0
Other receivables		1,813	1,942
Prepayments	11	1,925	1,094
Total receivables		382,555	341,194
Cash at hand and in bank		9,992	8,220
Total current assets		398,839	349,414
TOTAL ASSETS		409,508	349,706

Balance Sheet

at 31 December 2018

	Notes	2018	2017
		TDKK	TDKK
EQUITY AND LIABILITIES			
Equity			
Share capital		4,500	4,500
Retained earnings		260,491	254,715
		264,991	259,215
Current liabilities			
Prepayments received from customers	10	705	1,477
Trade payables		4,047	3,595
Payables to group enterprises		131,068	58,164
Corporation tax		0	10,106
Other payables	9	6,809	15,284
Deferred income	12	1,888	1,865
Total current liabilities		144,517	90,491
Total liabilities		144,517	90,491
TOTAL EQUITY AND LIABILITIES			
		409,508	349,706
Contingent assets, liabilities and other financial obligations	13		
Fees to auditors appointed at the general meeting	14		
Related parties and ownership	15		
Appropriation of profit/loss	16		

Statement of Changes in Equity

at 31 December 2018

	Notes	Share capital	Retained earnings	Total
		TDKK	TDKK	TDKK
Equity at 1 January 2018		4,500	254,715	259,215
Reduction in retained earnings pursuant to spin-off	9	0	-6,774	-6,774
Net profit / loss for the year			12,550	12,550
Equity at 31 December 2018		4,500	260,491	264,991

	Number	Nominal Value
		TDKK
Shares at DKK 7k	30	210
Shares at DKK 10k	429	4,290
		4,500

There have been no changes in the share capital during the last 5 years.

Notes to the annual report

at 31 December 2018

1 Revenue	2018	2017
	TDKK	TDKK
Business Segments		
Sensing and Control, S&C	135,986	114,876
Environment and combustion controls, ECC	194,881	243,840
	330,867	358,716
Geographical Segments		
Denmark	150,087	168,597
Rest of the world	180,780	190,119
	330,867	358,716
2 Staff expenses	2018	2017
	TDKK	TDKK
Wages and salaries	45,818	55,556
Pensions	2,853	3,182
Other social security expenses	336	325
	49,007	59,063
Cost of sales	49,007	59,063
	49,007	59,063
Average number of employees	71	81
Pursuant to Section 98 (b) (3) of the Danish Financial Statements Act, remuneration of the Executive Board has not been disclosed.		
3 Finance income	2018	2017
	TDKK	TDKK
Interest received from group enterprises	13	18
Other financial income	164	72
Exchange adjustments	396	1,733
Total	573	1,823
4 Finance expenses	2018	2017
	TDKK	TDKK
Exchange adjustments, expenses	1,254	3,332
Other financial expenses	1	14
Total	1,255	3,346

Notes to the annual report

at 31 December 2018

5 Tax on profit / loss for the year	2018	2017
	TDKK	TDKK
Current tax for the year	3,695	6,056
Deferred tax for the year	9	354
Total	3,704	6,410
Deferred tax at 1 January	47	401
Adjustment of the deferred tax charge for the year	-9	-354
Deferred tax at 31 December	38	47
The deferred tax charge relates to:		
Equipment	34	45
Provision for bad debts	4	2
	38	47
Deferred tax assets are expected to be set off within:		
0-1 year	0	0
1-5 years	38	47
> 5 years	0	0
	38	47

No on-account tax was paid during the financial year.

6 Property, Plant and Equipment	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January 2018	2,964	90	-	3,054
Additions	-	-	1,882	1,882
Cost at 31 December 2018	2,964	90	1,882	4,936
Depreciations and impairment losses at 1 January 2018	2,956	90	0	3,046
Depreciation for the year	3	0	0	3
Depreciations and impairment losses at 31 December 2018	2,959	90	0	3,049
Carrying amount at 31 December 2018	5	0	1,882	1,887

7 Investments in subsidiaries	2018 TDKK
Cost	
Balance at 1 January 2018	0
Additions*	8,507
Balance at 31 December 2018	8,507

Name	Place of registered office	Financial Results	Equity	Voting shares and ownership
Maxon Combustion System Aps	Kolding, Denmark	DKK 854,366	DKK 500,000	100%

* On 28th December 2018 the company has purchased 5,000 shares (100%) of Maxon Combustion Systems Aps for consideration of DKK 8,507,000.

** The financial results and equity for Maxon Combustion Systems Aps are in accordance with the latest approved annual report for the year 2017.

Notes to the annual report

at 31 December 2018

8 Deposits	2018
	TDKK
Cost at 1 January 2018	237
Additions for the year	0
Cost at 31 December 2018	237
Carrying amount at 31 December 2018	237

9 Discontinued Operations

Pursuant to the Global restructuring of Honeywell, during the current year, the Company's Board of Directors at their meeting held on 30 July 2018, approved an agreement for transfer of Homes business to an identified party for a total consideration of DKK 6,774,079.

No operations pertaining to Homes business were carried out during the year 2018.

The major classes of assets and liabilities of Homes business that were sold on 01/01/2018 are, as follows:

	2018
	TDKK
Assets	
Receivables from subsidiaries	380
Trade receivables	8,253
Assets regarding discontinued operations	8,633
Liabilities	
Other payables	1,859
Liabilities regarding discontinued operations	1,859
Net assets directly associated with discontinued operations	6,774

10 Contract work in progress	2018	2017
	TDKK	TDKK
Selling price of production for the period	21,269	22,086
Payments received on account	-19,538	-22,214
	1,731	-128
<i>Recognised in the balance sheet as follows-</i>		
Contract work in progress recognised in assets	2,436	1,349
Prepayments received from customers	-705	-1,477
	1,731	-128

11 Prepayments

Prepayments include rent paid in advance.

12 Deferred income

Deferred income pertains to pre-invoiced service contracts.

Notes to the annual report

at 31 December 2018

13 Contingent assets, liabilities and other financial obligations	2018	2017
	TDKK	TDKK
Car lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,264	3,485
Between 1 and 5 years	5,134	874
	<u>7,398</u>	<u>4,359</u>

Contingent liabilities

The Company is jointly taxed with the Danish subsidiaries in the Honeywell group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes. The companies are jointly liable for taxes in the joint taxation.

14 Fee to auditors appointed at the general meeting	2018	2017
	TDKK	TDKK
Fees for a statutory audit of the financial statements	97	112
Fees for other services	10	0
	<u>107</u>	<u>112</u>

15 Related parties and ownership

Transactions

The company's related parties are Honeywell International Inc. and its subsidiaries. With reference to section 98 C (7) of the Danish Financial Statements Act, the company has chosen only to disclose transactions with related parties not carried through on normal market terms. All transactions between the related parties are based on arms-length term. The type of transactions with the related parties can be specified as buying and selling of components, management fees, IT-service fees and loan.

Consolidated Financial Statements

The Company is owned 100% by Pittway Technologica S.r.l (Italien), which is owned by Honeywell S.L (Spain) group and Honeywell A/S is included in the Group Annual Report as a subsidiary. Honeywell S.L. (Spain) is owned by Honeywell International Inc.

The company's financial statements are included by full consolidation in the financial statements of Honeywell International Inc., a company registered in the USA, which is the smallest and largest group to consolidate these financial statements. The financial statements of Honeywell International Inc. are publicly available and can be obtained from Corporate Publications, Honeywell International Inc., 115 Tabor Road, Morris Plains, NJ 07950 United States or on the homepage <http://investor.honeywell.com>.

16 Appropriation of profit/loss	2018	2017
	TDKK	TDKK
Recommended appropriation of profit/loss		
Transferred to reserves under equity	12,550	17,702
	<u>12,550</u>	<u>17,702</u>